



# Problem Resolution Report

**NORTHROP GRUMMAN**

NG/CoSD-004

**Date:** August 8, 2006

## Summary:

In accordance with the provisions of the IT and Telecommunications Service Agreement dated January 24, 2006 ("the Agreement") by and between the County of San Diego ("County") and Northrop Grumman Information Technology, Inc. ("Northrop Grumman" or "Contractor") (hereinafter collectively referred to as "the Parties") agreement is reached on the date shown above.

## Issue or Problem:

The Parties wish to provide for an arrangement whereby Northrop Grumman will be paid for the services required to administer third party COTS software licenses and maintenance agreements for applications used by the County, and reimbursed the costs (plus a reasonable fee) of acquiring new licenses and reimbursed for the costs of acquiring and renewing COTS maintenance agreements.

## Resolution:

At the direction of the County via issuance of a Work Request, Northrop Grumman will obtain competitive price quotes for COTS software licenses specified in the Work Request and will submit such proposed pricing to the County for review and acceptance. The pricing to be submitted by Northrop Grumman (the "Catalog License Price") for acquisition of new licenses to COTS products will consist of the most favorable pricing obtained by Northrop Grumman, including acceptable terms and conditions, for specified COTS products plus a fee as follows:

<u>Vendor License Charge</u> <u>Per COTS Product</u>	<u>Fee</u>	<u>Ceiling/Minimum Fee</u>
Up to \$25,000	15%	up to a fee of \$3,000
\$25,000 to \$200,000	10%	minimum fee of \$3,000 up to a fee of \$15,000
Over \$200,000	5%	minimum fee of \$15,000 up to a fee of \$50,000

The fee will be an incremental amount computed in the percentage shown (subject to the ceiling and minimum fees shown above) and applied to the vendor purchase price negotiated by Northrop Grumman for individual COTS products.

Upon acceptance and direction from the County, Northrop Grumman will purchase the specified COTS licenses in its name as Licensee with access and use rights secured for the County requestor or the County in general as directed. Upon completion of the acquisition of the specified COTS product(s), the County will pay Northrop Grumman the Catalog License Price for the acquired product(s).



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At the direction of the County via issuance of a Work Request, Northrop Grumman will obtain price quotes for establishment or renewal of maintenance agreements for COTS software products specified in the Work Request and will submit such pricing to the County. The pricing to be submitted by Northrop Grumman (the "Catalog Maintenance Price") for acquisition of maintenance agreements will consist of the most favorable pricing obtained by Northrop Grumman, including acceptable terms and conditions, for specified COTS products. Upon acceptance and direction from the County, Northrop Grumman will purchase the specified COTS software maintenance in its name. Upon completion of the acquisition of the maintenance agreement for specified COTS products, the County will pay Northrop Grumman the Catalog Maintenance Price and the appropriate COTS Administrative Support Resource Unit price as set forth below.

Three new resource units are established as follows:

- COTS Administrative Support – Low
- COTS Administrative Support – Medium
- COTS Administrative Support – High

These resource units consist of the administrative support provided for individual COTS maintenance agreement, including:

- Negotiation with COTS vendors including utilizing best efforts to secure contractual service level commitments, such service level commitments to be subject to County approval;
- End-to-End ticket tracking;
- Escalation of tickets with COTS vendors;
- Management of maintenance service levels established with COTS vendors.

The Resource Units shall be billable for a particular COTS maintenance agreement upon completion of the acquisition or renewal of that maintenance agreement, but in no event more frequently than once per year for a particular COTS product.

COTS software products will be categorized by Northrop Grumman as "Low" "Medium" and "High" for purposes of determining the applicable resource unit based on characteristics that affect the amount and degree of administrative work involved for a particular product. Factors to be considered in determining the appropriate resource unit for a particular product include but are not limited to the maturity of the application, the stability of the product, the vendor commitment to service levels for maintenance, and the number of Helpdesk tickets generated.



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The resource unit pricing established below shall apply to individual COTS software products:

<u>Resource Unit</u>	<u>Annual Price</u>
• COTS Administrative Support – Low	\$1,000
• COTS Administrative Support – Medium	\$2,500
• COTS Administrative Support – High	\$7,500

The County and Northrop Grumman further agree to work together to establish sufficient data upon which to base a performance requirement for Northrop Grumman's work in diagnosing a problems for referral to COTS vendors under maintenance agreements. Such performance requirements are intended to address both the rapidity and accuracy of such diagnoses by Northrop Grumman.

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The resolution of the issue or Problem as described in this Problem Resolution Report shall govern the Parties' actions under the Agreement until a formal amendment of the Agreement is implemented in accordance with the terms of the Agreement, at which time this Problem Resolution Report shall be deemed superseded and shall be null and void.

All other terms and conditions of the Agreement remain unchanged and the Parties agree that such terms and conditions set forth in the Agreement shall continue to apply. Unless otherwise indicated, the terms used herein shall have the same meaning as those given in the Agreement.

**IN WITNESS WHEREOF**, THE Parties hereto, intending to be legally bound, have executed by their authorized representatives and delivered this Problem Resolution Report as of the date first written above.

COUNTY OF SAN DIEGO

By: Michael L. Moore

Name: Michael Moore

Title: CTO

Date: 8/10/06

NORTHROP GRUMMAN INFORMATION  
TECHNOLOGY, INC.

By: Randolph Parbst

Name: RANDOLPH PARBST

Title: MANAGER, CONTRACTS

Date: AUGUST 8, 2006